



State of Vermont  
Operations Division  
One National Life Drive  
Montpelier, VT 05633-5001  
scott.rogers@state.vt.us

Agency of Transportation

[phone] 802-828-2709  
[fax] 802-828-2848  
[ttd] 800-253-0191

**TO:** Members of the Vermont House and Senate Committees on Transportation  
**FROM:** Charles Gallagher, Public Transit Administrator  
**DATE:** March 2, 2009  
**SUBJECT:** Section 35 Public Transit Study

Attached please find a report on the requirements by Section 35 of Act 164 of the 2007-2008 Legislature, which reads:

**Sec. 35. Public Transit Study**

(a) Public transit study. Consistent with the goals, findings, and recommendations of the January 15, 2008 legislative report (Sec. 45 of No. 75 of the Acts of 2007) titled "A Study Regarding the Regional Connectivity of Vermont's Public Transit System," the agency of transportation, in cooperation with the legislature's joint fiscal office, shall conduct a further study to develop findings and recommendations for improving the efficient and effective delivery of public transit services in Vermont.

(b) Goal of study. The goal of the study is to recommend a governance and funding structure for public transportation that creates the most efficient use of taxpayer funds while simultaneously creating the most efficient system of public transportation services consistent with the statutory policy goals in 24 V.S.A. § 5083. The study shall:

(1) Make use of the data and information generated by the current short-range transit planning process to assess the strengths and weaknesses of the public transit delivery system;

(2) Compare the organizational structure and current service delivery system with those of several other states;

(3) Analyze different possible organizational structures for Vermont that could lower administrative or operating costs and improve service delivery throughout the state.

(c) The agency shall direct the study with the involvement of the agency of human services and of all public transit providers in the state who are direct grantees and subrecipients of state and federal funds.

(d) Consistent with federal United We Ride initiatives, the study shall consider all federal and state funding invested through or by state and federal agencies on public, human service, and related transportation programs and shall evaluate the potential for achieving greater efficiency through coordination of effort or consolidation of funding and effort.

(e) The study report shall be delivered to the general assembly on or before January 15, 2009.

## **Section 35 Interim Report:**

### **Report Summary:**

The mission of delivering public transit services in Vermont has evolved. The demand for commuter services –increasingly important to both employers and employees - has grown. Demand for Medicaid and Elders and Persons with Disabilities transportation services continues to grow. The need for improved coordination of funding and services, the increasing cost of transit program administration, the growing complexity of meeting FTA and Medicaid regulations, the evolution of routes and services that traverse multiple provider regions, and the emerging technologies that are changing our ability to manage data represent a significant change in Vermont's public transit landscape. Thus, this section 35 report begins the review of changes to our service delivery model or administrative machinery that could help to better serve public transit needs in this new environment.

Providers and VTrans are generally united in stating that Public Transit (PT) in Vermont should be improved and both sides are open to reviewing the possible alternatives for improvement. The goal of this study is to research, review and compare governance and funding systems in other states to see if some of their lessons may be applicable to further success in Vermont. Research and review efforts are also to be directed at exploring whether their might be cost effective ways to modify, enhance, consolidate, collaborate and otherwise improve upon Vermont's existing service delivery model. Before any changes are implemented, however, all PT constituents should be consulted, as the success of any change will rely upon the mutual support of funding agencies and partners, providers and riders. Perhaps even more important is the effort, among these constituents, to identify the goals and priorities for PT services so that any changes in funding or governance structures can be based upon them.

In past years, one of the primary vehicles for obtaining information and data necessary to conduct the level of review and analysis of alternative service models discussed herein has been the Short Range Public Transit Plan (SRPTP). The historic approach to conducting the SRPTP is to undertake a consultant prepared overall transit plan for the state directly reflective of the twelve individually prepared regional plans. (One plan for each public transit provider region.) The development of all 12 regional plans occurs simultaneously. This planning effort takes place every five years. This year's SRPTP effort has been subject to considerable delays and VTrans has exercised its option to cancel the SRPTP consultant contract to pursue an alternative approach.

Transit in Vermont has changed significantly in the past 15 years. It is a larger and more diverse network of services than has existed in the past. Both VTrans and the providers agree there are more effective and efficient ways to achieve the goals of the SRPTP. An alternative approach to accomplishing the goals of the SRPTP is under development. An approach that favors more targeted planning efforts that are realistic in terms of anticipated funding and that make better use of VTrans, provider and Regional Planning Commission (RPC) talents will be developed and substituted for the historic SRPTP approach. A statutory change to the present transit plan requirement should be explored.

Public transit service delivery model alternatives considered include; 1. supporting and enhancing the existing model whereby eleven providers (two providers consolidated operations on January 2<sup>nd</sup>) maintain distinct organizations and boards and distinct administrative and operational functions while coordinating and collaborating with other providers as appropriate; 2. Consolidating regional providers to reduce the number of Medicaid brokers and public transit grant recipients and, theoretically, pool strengths, talents and resources into fewer regional entities that are stronger and more efficient; 3. creating four or five regional authorities to achieve the same benefits intended by consolidation of providers except that the consolidated entity would possess more autonomy from VTrans and would have the ability to raise regional funding (perhaps like a waste district) to support regional transit services; 4. Creation of a rural authority that further centralizes planning, administration and service funding with the effect that the state would be served by two distinct transit entities (CCTA and this new rural authority covering all regions outside of the CCTA region) and; 5. One single statewide authority merging all rural providers and CCTA under one umbrella organization where all administrative functions were paired with all delivery of service functions.

Examples of alternative service models utilized in other states (Rhode Island, Delaware, New Jersey, Maryland, Massachusetts, Connecticut and Florida) are presented herein. These examples are of states with similar geographic size. We have not yet analyzed states that share Vermont's low population density. It is clear that there are a number of different successful ways to govern and fund public transportation. We have not evaluated how the seven states presented here feel about their efficiency and effectiveness nor have we evaluated how comprehensive those services are (i.e. what percentage of municipalities receive service, what the scope of services is relative to headway frequency, days of service, length of days, what the level of customer satisfaction is with the services, what the cost of those services is on a per hour or per ride basis or other measures that would be meaningful to compare with Vermont.

Overall, while governance and funding structures may make a difference to each and every measure, the best way to make the services efficient and the use of funds effective is to have effective, knowledgeable, skilled managers at each and every level of administration and in each service delivery center. This applies to the need for strong, activist, involved, skilled board members in our present local public transit provider/board model.

There are some excellent examples of collaborative efforts between public transit providers. Any reform of the existing model must be careful to detracting from the good aspects of Vermont's public transportation.

The next steps in this study will be to:

- Research states with similar population characteristics
- Evaluate all states as to efficiency, effectiveness and cost, continue to encourage co-operation between Vermont providers
- Continue to work with providers to develop better skills at all levels of transit (state and provider)
- Continue to look for additional opportunities for improvement.

## **Introduction**

### **Purpose of Report**

Section 35 of Vermont's 2008 transportation law directed VTrans "to recommend a governance and funding structure for public transportation that creates the most efficient use of taxpayer funds while simultaneously creating the most efficient system of public transportation services consistent with the statutory policy goals..."

As stated in the legislation, the work to be undertaken in this study, when completed, will compare Vermont's "organizational structure and current service delivery system with those of several other states" and "analyze different possible organizational structures for Vermont that could lower administrative or operating costs and improve service delivery throughout the state."

This study is an outgrowth of the analysis of regional connectivity of Vermont's public transportation system that was conducted in 2007. That study, which was a response to section 45 of the 2007 transportation law, laid out three general options for the future organization of public transportation providers in Vermont. The legislature determined it appropriate to pursue further review and analysis of these options.

### **Scope of Report and Overview**

The scope of this report is limited due to unanticipated delay in the development of the Short Range Public Transportation Plan (SRPTP) and related data upon which Section 35 report findings, conclusions and recommendations were to be anchored.

Section 35 legislation required that VTrans' analysis of potential alternative governance and funding structures for public transit in Vermont "make use of the data and information generated by the current short-range transit planning process to assess the strengths and weaknesses of the public transit delivery system."

While VTrans continues to work with the SRPTP consultant to gain delivery of some or all of the necessary data, an alternative approach to developing needed data and conducting future SRPTP functions is being developed. Beyond generating appropriate data for analysis, additional time to review data and analyze alternative governance and funding structures with the Agency of Human Services (AHS), Public Transit Providers, Human Service Providers and other transportation partners and stakeholders will be required in order to prepare an informed final report.

Accordingly, the scope of this interim report will be limited to an update of ongoing efforts and an outline of continuing policy discussions that will ultimately impact on final section 35 report recommendations. This report also includes a review of the various public transit delivery models suggested for study under section 35 legislation.

Further, the report is intended to frame and outline issues that need to be better defined, analyzed and considered by a broad range of transportation interests. It is not intended to argue for a particular governmental approach or funding structure. It is VTrans' intention to bring the section 35 report to completion once the needed data is developed and following appropriate review and discussion with study partners.

## **Summary of On-Going Efforts and Policy Discussions:**

### **Consolidation of Public Transit Providers:**

For at least ten years there has been discussion, mostly between VTrans and Public Transit Providers as to whether some degree of consolidation of public transit regions would result in better and more efficient transportation service. Generally speaking VTrans has considered that 12 public transit providers might be more than necessary to cover the state with adequate service and sound management. Public Transit providers, on the other hand, have generally felt - particularly in regard to human service, E&D and Medicaid transportation services - that such highly local service is best. A key point they make is that you need to intimately know the region and the people served. There is also sentiment that VTrans has not made a strong enough case that with consolidation of provider regions comes greater efficiency and cost savings.

While VTrans agrees that it's not self-evident that consolidation makes sense in every (or any) situation, there may be (and this year there has been one merger of regions) cases where it does. One situation where consolidation seems to make sense is where a provider has found it difficult to establish long-term sound management, strong financials or cost effective service. Pairing a struggling provider with a neighboring well-managed provider seems to make sense. It's not just a matter of finding immediate economies of scale. It may have more to do with pairing strengths and weakness resulting, ultimately, in better service for a lower cost per unit of service delivery. This is expected to be the case with the present merger of the Northwest Vermont Public Transit Network (NVPTN or "the Network") with Green Mountain Transit Agency (GMTA). Other, natural, consolidation opportunities have arisen in the past with the merger of the former Wheels/Mad River/ and Stowe service area under GMTA.

VTrans recognizes that cases such as these, where consolidations are instituted by obvious need or opportunity rather than top down decision making are ideal. But in the current climate of funding shortages, VTrans remains committed to working with providers to find efficiencies where they may exist without taking anything off the table. As discussed later in this report, it does not make sense that consolidation would be considered only when things get so bad that a local provider is faced with bankruptcy or service costs that simply can't be sustained or human service providers that can't get reliable service. We should always be looking to pair our strengths in one area to address weaknesses in another. That's what taxpayers expect. AHS, VTrans and providers are working closely to see what efficiencies can be found.

In the absence of good data and data analysis it's difficult to advance an informed discussion of prospective cost savings options. Thus, the second phase of the Section 35 effort will be to bring better information to the table either gleaned from the incomplete SRPTP process or from alternative data collection processes. Any recommendations will have the benefit of further review and coordination with providers, AHS and human service partners.

**Need for better planning and coordination / Global SRPTP approach vs. a more localized, organic, strategic, on-going approach:**

The problems encountered this year with development of the Short Range Public Transit Plan (SRPTP) process calls into question the value and continued wisdom of the present SRPTP approach. While both providers and VTrans are frustrated and disappointed with the SRPTP effort this year, it's not the first time we've felt this way. Past SRPTP efforts have also struggled. As implemented in the past and again this year, the SRPTP effort attempts - over the course of a year and through a public transit planning consultant - to prepare comprehensive individual public transit provider plans. The effort is undertaken through a series of local public meetings (in each provider region), with collection and development of data, through interaction with stakeholders and providers, and with significant data and policy analysis. The intent is that such an aggressive and concentrated, intensive effort will not only crystallize local provider needs and strategic plans but will reconcile the dozen local plans such that they fit like a piece of a 12 piece puzzle, into an overall statewide plan that makes sense. It's a difficult task and the broad consensus, based upon recent and past experience, is that it is not a viable approach.

The past two efforts to develop SRPTP's have been conducted by large national firms with highly regarded professional staff. One of the benefits of this approach is that it exposes Vermont to national experts who bring new insights and ideas, for creative processes and approaches to transit challenges that have worked elsewhere.

The problem is that such large firms have other clients and projects, they fly in and out to attend meetings, their time to get the "lay of the land" is limited and they often start from ground zero in terms of local knowledge, institutional background and familiarity with key stakeholders. They tend to rely on their own resources and don't reach out more than minimally to public transit providers, regional planning commissions, human service agencies, state agencies or other stakeholders who could help on the short-term effort and continue to be involved in the longer-term. And, with a dozen plans up in the air at once, even the consultant's own staff resources can't go far enough.



Both VTrans and public transit providers recognize and generally agree that Vermont needs to take a new approach. What generates support, at least in early discussions, is a move to a more organic, on-going and sustained, strategic planning process that makes better use of local resources, better integrates the planning efforts already undertaken and better reflects the interests of Vermont's providers, state and local officials and Regional Planning Commissions (RPC's).

Another thought is that rather than the current once every five year approach, public transit planning should be a year round process that focuses planning resources where they are most needed at any given time. Such strategic planning seems appropriate given that funding, particularly funding for new service, is always limited. Arguably it is possible, through working with providers, to identify those areas of the state where new investment makes the most sense or where re-thinking existing service is warranted.

The idea of the state (VTrans) taking steps to "target" areas of emphasis worries some providers because it puts the state in the position of making decisions about where resources are most needed rather than local providers making such decisions for their own regions and being able to make their case via grant application. But, at the end of the day, VTrans makes the grant awards. Arguably, we might be able to develop a hybrid approach that sets priorities and focuses effort better than the current winner take all/competitive process. For every new-start application VTrans funds, three or four applications are denied. And, if we were thinking "statewide" priorities rather than only local, that might open up a range of possibilities that had not been previously considered.

The current Congestion Mitigation and Air Quality (CMAQ) or "new start" award process is a competitive application process. The state does not, currently, perform advance planning or coordination with providers through the CMAQ process.

VTrans is hopeful that with further discussion and analysis, an approach will be developed that makes better use of limited planning dollars than does the current SRPTP model. This will be a subject of further consideration in the final section 35 report.

## **Regional Connectivity**

With the reorganization of Greyhound, Vermont has lost the in-state presence of the intercity bus service management we enjoyed when Greyhound operated as Vermont Transit. Greyhound operations have been moved to Texas and, since this move, intercity service has been further reduced and all service between Rutland and White River Jct. has been eliminated.

As recently as the early 90's, most of Vermont was connected via Vermont Transit routes that served both large and small regional centers. Today, all of that service has been lost and what remains is limited access service along the Interstate. The result is a loss of regional connectivity as well as access to interstate public transit options.

Recognizing the loss of regional connectivity, the legislature asked VTrans to prepare the Section 45 report that details the problem and also suggested that there is some potential to do more to help fill service gaps. Continuing discussion on this topic between VTrans and providers has outlined what could be considered our current approach toward making regional connections.

It is generally agreed that intercity bus service is a very different service than public transit commuter service. Existing commuter buses could not meet the demands of longer haul travel. Starting with the lack of bathroom facilities, the need for more comfortable seating and the absence of any luggage storage capacity, the buses used by providers are not built for making longer-haul regional connections.

Having said that, public transit providers are increasingly playing a greater roll in filling gaps where they can and where it is feasible to do so. For example, Addison County Transit Resources (ACTR) and Marble Valley Regional Transit District (Marble Valley) have collaborated to provide commuter service between Rutland and Middlebury. The service fills a gap created with the loss of Rt. 7 Greyhound Service. And, it is possible to make a connection in Middlebury with CCTA commuter link service to Burlington. The point here is that it is possible to fill regional connection gaps through local service providers but, that it is the commuter aspect of service - rather than the regional connection aspect - that generates enough ridership to make the route feasible.

There are a number of regional centers in Vermont (Newport for example) that remain disconnected from the rest of the state and from other intercity service. Ideally, we would not leave any region of the state disconnected from public transit access to the outside world. The question is: Should Vermont be making these regional connections via bus service absent the ability to generate strong ridership? Keep in mind that private intercity bus service has diminished due to lack of ridership.

The consensus emerging from discussions between VTrans and providers is that public transit funding is limited and must be prioritized to meet the greatest needs. There continues to be unmet needs for basic mobility and local services. Furthermore, there exists a newer, growing unmet need for home to work commuter services that, increasingly, are critically linked to Vermont's economic development interests. The strong sense is that any new route service must be justified on the basis of ridership. Given these other demands for service, where does

providing a regional connection (where none presently exists) fall in terms of funding priority? The answer is that it is an important factor that is considered but, considered alone, not a top priority. In general, Vermont public transit services need to do more than one thing to be successful.

The effective policy being carried out is, simply, that we will look to fill gaps in regional service and provide access to intercity-interstate options wherever possible. However, we will only fund such connections where ridership, deemed sufficient enough to support the service, can be generated. This will most often happen by designing commuter services/routes that make a regional connection directly or through coordination with another service/route.

## **Description of Alternative Administrative and Service Models**

### **Preserve and Enhance the Local Provider Structure:**

Vermont has been well served by the present service delivery structure that derives its strength from local boards, personal service, familiarly with the riding public, strong ties with human service stakeholders and a relationship with local towns and businesses. Looking back thirty years, public transportation in Vermont had its beginnings in a dedicated network of human service, faith based organizations and non-profits dedicated to getting Vermonters who lacked other transportation options, where they needed to go. That network has evolved to a more sophisticated and varied delivery system that provides a range of service for Medicaid, human service providers, elders and persons with disabilities and the general public. Providers continue to meet basic mobility needs and, increasingly, endeavor to meet growing in-town and commuter transportation demand. They provide a creative blend of coordinated service with an eye towards maximum efficiency and cost effectiveness. They are guided by local boards that provide grass-roots expertise and common-sense. These boards connect operations to local banks, schools, businesses, hospitals, colleges, regional and local planners, municipalities and other potential supporters and transportation partners. Arguably, the first alternative service delivery model that should be considered for taking us into the future is the one that got us to this point. It has been argued that Vermont does not need a new service delivery model, but rather, simply investment in enhancing the existing one.

Enhancements might include providing a greater level of training and assistance to develop staff expertise in any areas where deficiencies may exist whether that be training on financial management, records keeping, accounting, billing, reporting, preventive maintenance, board recruitment and development, public relations and marketing, fundraising, outreach, staff development, grant writing, or staff management, preventive maintenance, route planning, public process, regulatory compliance, dispatching and more.

The challenge for the existing structure is that Federal Transit Administration (FTA) and Medicaid requirements are complex. Rules, requirements and documentation for service funding, service delivery, tracking, reporting, purchasing, procurement, hiring, operating, etc., are demanding. There is, essentially, no benefit to being a small transit provider as the requirements are the same for both large and small operations.

So what does this mean? It means that each individual provider needs to know it all and do it all. And, to be cost effective, do it all well! It's a tall order. Every provider has strengths and weakness. Some are better at public process, outreach, board development and fund-raising than at generating accurate and regular financials for example. There is an impressive range of talents among providers, but each operation is unique.

One way to address the issue while preserving the existing network of providers is to set aside funding for training and assistance and to have both the state and providers work pro-actively to make sure everyone gets the assistance they need. Another way is through a regular opportunity for peer consulting where the 11 providers pool their strengths to address their weaknesses. Another approach is enhanced coordination with other providers. Certainly it is possible (and is being done more frequently) to share the burden and split the effort without diminishing your own organization. And, finally, new and better technology, particularly software, can help. Other opportunities to keep local providers alive, well and thriving come through strategic recruitment of Board members and volunteers. Contributing board members can fill in critical gaps in staff abilities and expertise. Board members can provide management, financial analysis and planning, public relations, marketing and outreach skills to the provider that would be impossible to access otherwise.

In fact, while the talents and abilities of Executive Directors are key to the success of any local transit provider operation, a skilled, knowledgeable, activist and committed board may be the single most valuable asset towards success. The value of locally controlled public transit operations is that they can tap into the energy, vitality and skills of locals. The local public transit provider board can help raise funds, connect the service to local needs, help sell and grow the service and keep things on-track and in concert with community goals and needs. Generally speaking, where boards are not performing these functions, the value of local providers to the statewide service delivery model is significantly compromised. So board recruitment and development may be another way to enhance the existing local provider structure/model.

There are so many good reasons to work to maintain local control and local transit provider services. But the challenges our small, rural, local providers face are not small. Coordination of these 11 providers to meet statewide demands for a range of integrated, diverse services with uniquely complex funding sources and regulatory schemes is not even easily said let alone done.

### **Consolidation of existing entities:**

As discussed above, as the demand for new service grows, as liability and regulatory burdens and costs increase, as the need to raise local dollars to fund services expands, as the state becomes seemingly smaller and inter-regional and cross-regional transportation and coordination opportunities become common and as the list of things that small providers need to do well grows ever more complex, the potential to "consolidate" small provider operations and services

becomes worthy of discussion.

In the past six years, several of the private non-profit providers in Vermont have “gone out of business” to be replaced by new agencies or administration. Wheels Transportation in Washington County was replaced by the Green Mountain Transit Agency (GMTA) under the administration of Chittenden County Transportation Authority (CCTA). Service operated by the Town of Stowe (in Stowe and Morrisville) was folded into GMTA shortly thereafter. Town and Village Bus in Windsor and Windham counties went bankrupt and were replaced by Connecticut River Transit (CRT). In 2007, the Green Mountain Chapter of the American Red Cross decided to discontinue its involvement in public transit, and the transportation staff there created a new non-profit, the Green Mountain Community Network (GMCN), to carry on the service.

A consolidation of provider boards and regions is currently underway in the northwest region through the merger of NVPTN (the Network) with GMTA. The Network in Franklin and Grand Isle counties had experienced various management problems and suffered from low ridership and high costs. With the departure of the executive director, VTrans, AHS and the boards of GMTA and NVPTN together decided that it was time to join forces and merge the struggling Network operation with a neighboring provider (GMTA) that could provide stronger planning, management and operational skills. This merger is discussed in greater detail later in this report. While it might be tempting to suggest that the merger of GMTA and Network could serve as a model (and in many ways it does) it is important not to miss the point that Network struggled for many years.

The idea that the consolidation of providers is what happens when things get so bad that there are no good alternative options seems a poor service to the taxpaying public. The other way to look at consolidation is that the voluntary merger of two good regional services might bring about even better service at a reduced cost because the merger of talents, resources, geographies, administrative and operational funding and community energy engenders efficiencies and economies that two providers could not have realized working on their own. By way of example, it should be noted that the opportunities for the consolidation of Network with another provider existed long before the cost of Network services became the highest in the state and before financial management issues demanded intervention. Proactive examination of all of the options available to reduce costs, including consolidation of provider regions, is something we should be open to at every moment.

Arguably, the primary obstacle to consolidation of local services/regions/provider operations is opposition by executive directors and local boards who do not want to lose “local control”. Also, with consolidation comes the threat of a loss of jobs, income, and the threat of losing something that many have invested so much personal effort into.

There is also recognition of the fact that when organic, home-based, local operations are healthy and performing well and meeting needs cost effectively, there is no better way to go. Small is beautiful. But in public transportation, small is also hard. And "local" can be subjective and a matter of perspective. At the end of the day, the majority of the traveling public may care less about what provider name is on the bus than they do about reliable, safe service. And, similarly, most taxpayers likely care most about the cost-effectiveness of service. This is not to dismiss the importance of pride of ownership and appropriate respect for the good work that is being and has been done. It is simply to recognize that, at the end of the day, all of our efforts should be about one thing and one thing only and that is providing the most service and best service we are able with the dollars allotted.

Discussion of the possible merits of consolidation of some provider capabilities and services (such as dispatching and transport across service areas, marketing and outreach, fund-raising, procurement, board development, financial management and reporting, use of an office or maintenance facility and even a merger of local boards, provider regions and grant application processes) is not a discussion that should be taboo simply because it threatens "local control" or the status quo. We should be willing to look at the resources invested and consider whether by reducing the administrative overhead and fixed assets we support today, we could put more service on the road and provide more rides by consolidating and pooling our efforts.

### **Creation of regional authorities**

Transit Authorities are intended to do a couple of things. Like consolidation of provider areas, one benefit is simply to pool talent and resources under a bigger umbrella. Whereas a larger entity like CCTA can justify the hire of transit planners, marketing and outreach staff, a financial officer, a trained team of mechanics expert in repairing and maintaining a range of vehicles and expert in the procurement of new vehicles, etc., rural providers lack the same capabilities and resources. Like consolidation, the idea of a regional authority is to create a regional entity of a size that can justify hiring qualified staff while staying within a reasonable administrative budget allowance. Providers might continue to operate as service providers with other duties being centralized with the regional authority.

This option differs from simple consolidation of provider service areas, in that it entails new governance and funding structures for these consolidated regions.

As CCTA has argued in the past, it is difficult to provide needed "regional" transit services where "local" funds are essential to attracting state and federal service funding. Where only two towns are willing to provide local funding support for a service that covers 5 towns how is regional service to be delivered?

Arguably, the advantage an authority provides is the ability to craft a regional transit plan and a public transportation budget and put it out to the voters of the region for support. There are a number of ways such an approach to funding could be structured, however, the bottom line is to fund regional transit services, at least in part, regionally. (One example: The Solid Waste Management Districts in Vermont put together budgets that go before the district's regional voters each year.)

Chapter 127 of 24 VSA contains enabling legislation for Mass Transit Authorities. This legislation, or an amended version of it, could be used to create the proposed regional authorities, though the language contained in section 5108 ought to be considered as it relates to assessments of member towns.

There are a lot of unanswered questions as to how regional authorities could function in Vermont. A final Section 35 Report will explore the authority option in more detail with the benefit of more information and input from AHS, public transit providers and other report partners and stakeholders. Presently, VTrans is supportive of CCTA's interest in exploring an authority for the CCTA/GMTA region. A pilot project testing the authority concept where the majority of the demand for regional commuter services exists may make sense, though there is no agreement as to the appropriate or best way to secure regional funding.

### **Creation of rural transit authority**

This option assumes the creation of a single (as opposed to several regional authorities) new rural transit authority. While, under this approach, CCTA would continue to operate as a separate small urban (directly funded by FTA) operator, all other rural providers would be placed under the umbrella of a single authority. The advantage to such a large rural authority is that, in theory, administration and other functions become even more centralized, service is planned and coordinated on a statewide basis and funding, likely, shifts away from reliance on the provision of a local share. Providers as they currently exist might continue to operate as independent service providers with most other functions being assumed by the authority. The form and function of such an authority is not cast in stone.

### **Single statewide authority**

This alternative considers the potential for a single statewide entity to oversee all transit operations in Vermont. As with the previous regional and rural authority approaches, the central idea is consolidation of as many administrative and planning functions as makes sense. How service continues to be delivered is an open question. An authority could organize to marry administrative and operational functions into a single entity, or, it could sub-contract the service delivery component to other entities including existing providers. Considerable additional study and analysis is needed to fully assess the potential of an authority to assist Vermont in its effort

to maximize the cost effectiveness of our public transit investment.

As discussed later in this report, Rhode Island, Delaware, and New Jersey all have single statewide authorities.

### **Cost-Benefit Analysis of various models:**

This section will be completed following review of SRPTP data and review and consultation with report partners. Areas to be considered include:

Cost and Service Impacts

Potential cost savings

Potential service improvements

Impact on Local Relationships

### **Lessons from Other States**

Other states in the US offer a variety of models. This section describes several such examples. First, examples are given of single state authorities. This is followed by examples with multiple authorities.

#### **Rhode Island**

Rhode Island has one statewide operator of transit service, RIPTA. It operates a total of 56 regular routes covering every town in the state except Charlestown, plus a number of special services. The majority of the fixed routes (38) serve the city of Providence (at least at one terminal). The fact that Rhode Island is the smallest state in the nation helps to make it feasible for one agency to operate all of the transit service. The longest routes in the system, from Westerly to Providence and from Newport to Providence, take an hour and a quarter to operate. RIPTA also provides brokerage services for the state's health care program for qualified individuals. Under the Rite-Care program, five regional health care programs pay RIPTA a fixed monthly amount for client to obtain a transit pass, allowing Medicaid recipients to ride transit to medical appointment and other destinations. If appropriate, eligible recipients can ride paratransit vans or taxis for medically needed transportation as well. A 2001 evaluation of this program found this to be very cost effective way to provide for non-emergency medical services.<sup>1</sup>

RIPTA was created by the Rhode Island legislature in 1964 to take over from the United Transit Company, a private operator. Generally, due to the small size of the state, public transportation

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<sup>1</sup> National Conference of State Legislatures, State Profiles of Activities Related to Human Services Transportation Coordination, August 2005, pp. 74 and 75.



had been under the control of one operator— privately controlled before 1966, and publicly controlled after that. If the state had been larger with a series of regional operating entities, the institution of one statewide public transit operator might have been more difficult. By way of comparison, Rhode Island has a land area of 1,045 square miles, which is around a ninth of the size of Vermont, which has a land area of 9,249 square miles.

## **Delaware**

Delaware has a single statewide operator of transit service, the Delaware Transit Corporation, which is a division of the Delaware DOT. Now known as DART First State, the public operation began in 1969 when the privately owned transit system, operated by the Delaware Coach Company, became public by an act of the State Legislature. This new authority became DART, the Delaware Authority for Regional Transit. It was charged with running fixed route services in the state.

In 1994 the Delaware State Legislature created the Delaware Transit Corporation to manage and operate DART, the Delaware Administration for Specialized Transport (DAST), Delaware Railroad Administration, and Commuter Services Administration. Prior to that time, DAST was a noteworthy example of a statewide organization providing coordinated human service transportation.

DART First State provides transportation services statewide with over 60 bus routes including its Sussex County Resort Service and paratransit service. DART First State also serves New Castle County with commuter rail service to and from Philadelphia.

Because Delaware is the 2<sup>nd</sup> smallest state in the United States, a single transit authority makes sense as a way to efficiently provide for transit and special transportation needs. The land area of Delaware is 1,955 square miles or around a fifth the size of Vermont.

## **New Jersey**

New Jersey is a slightly larger state with a single statewide transit agency. New Jersey Transit Corporation (NJ TRANSIT) is a statewide agency providing local transit service in all New Jersey counties. It was created by the state legislature in 1979 to "acquire, operate and contract for public transportation services in the public interest." NJ TRANSIT took over several failing private bus companies around the state and it also contracts with private operators to provide subsidized fixed route service in several suburban counties. Most of the funding for the private operations comes from NJ TRANSIT; however, some localities also contribute funds. Those that contribute to the service have more say in what service is provided. NJ TRANSIT operates 236 bus routes and 11 rail lines.

NJ TRANSIT has a staff of nine service planners that help plan the subsidized private operations around the state. These planners insure that there is a uniform quality of service provided and

that the service meets service standards.

NJ TRANSIT also provides ADA service on a statewide basis. However, it does not directly provide specialized transportation services besides the ADA.

Each of the 21 counties in the state has its own human service transportation operation which receives lottery funding and limited technical assistance through NJ TRANSIT. These agencies provide services to seniors, people with disabilities, rural residents and/or Work First participants. NJ TRANSIT assists the counties as well as private non-profit organizations and municipalities in the provision of these accessible services through the administration of various Federal and State grant programs including the Casino Revenue Fund, the Senior Citizens and Disabled Residents Transportation Assistance Program, the Federal Transportation Administration (FTA) 5307, 5310, 5311 and Jobs Access and Reverse Commute Programs.

The personnel working on these county programs within NJ TRANSIT feel isolated from the rest of the NJ TRANSIT operations. However, incorporation of this function in NJ TRANSIT gives the corporation say over the use of FTA funds, and may be useful from that point of view. County and municipal officials sometimes use the county human service operations to run other services when they cannot get those services from NJ TRANSIT.

The land area of New Jersey is 7,419 square miles, about 80% Vermont's land area. Although New Jersey has a statewide transit authority and is able to provide excellent service planning assistance for fixed route operations statewide, it relies on many smaller units to provide the whole spectrum of transit services that are currently provided by the different transit providers in Vermont. Perhaps the larger land area and larger population in New Jersey means that more operators of specialized services are needed to provide the assurance of local knowledge and quality transportation than in Rhode Island and Delaware.

## **Maryland**

Maryland has a statewide public transit authority, the Maryland Transit Administration (MTA). The MTA is a division of the Maryland Department of Transportation. It operates 50 bus routes in the Baltimore metropolitan area, Metro subway, light rail, and MARC train services between West Virginia, Washington DC and Baltimore.

The MTA also provides funding and limited technical assistance to 23 Locally Operated Transit Services (LOTS) agencies outside metropolitan Baltimore, similar to the role played by NJ Transit. It provides ADA paratransit service in the Baltimore area, but otherwise is not involved in the provision of specialized services. Maryland has a state level push towards increased coordination, and some (but not all) of the LOTS operators also act as brokers of human service transportation programs. The MTA staff serving the LOTS operators has little interaction with the staff overseeing the operations of the urban transit service in Baltimore and the MARC service.

Maryland has a land area of 9,775 square miles, slightly larger than Vermont. Although the statewide transit authority operates in the Baltimore area and provides commuter rail service statewide, local areas outside of Baltimore have developed their own transit services to serve seniors and persons with disabilities.

## **Massachusetts**

There are 15 Regional Transit Authorities (RTAs) in Massachusetts in addition to the Massachusetts Bay Transportation Authority (MBTA) serving the Boston area. Each of the 15 RTAs operates transit service. The Massachusetts legislature created the RTAs in 1974 partly to help cities, which were losing their privately run bus services, and partly to provide equity with the remainder of the state outside the MBTA area, since the MBTA received state funding. The legislation provided for a state match of local funds to subsidize transit service. The RTA legislation protected all existing operators by preventing the RTAs from directly operating services.

Why didn't the Massachusetts legislature expand the MBTA to encompass the entire state? Historically, due to a public perception that the MBTA was a money sink and an unresponsive bureaucracy, it would have been difficult politically to have expanded the MBTA to the remainder of the state. The solution at the time of the RTA legislation was to provide for the creation of 10 authorities based on the larger cities outside the MBTA area. One of the important RTA principles was that each community decides what transit service it will get, and the cost of that service is allocated to that community. Because the legislation providing for RTAs was permissive, other authorities formed to take advantage of the state funding provisions, and the named RTAs expanded significantly beyond their original boundaries.

In addition to the management of fixed route bus services in each of the RTA areas, the RTAs became the funding source for local specialized transit services such as that provided by Councils on Aging for elderly customers. Finally, many of the RTAs in the state became brokers for specialized transportation services which served non-emergency Medicaid transportation services and Division of Mental Retardation services among others.

Even within the MBTA district, communities distant from the Boston core complained that they were not getting sufficient local service from the MBTA. In answer to this, the MBTA started a program (initially known as the suburban bus program) that provided limited funding to local communities to operate their own services. The result was the creation of several municipality-based bus services operated by other than the MBTA.

Countering the tendency in Massachusetts towards multiple service providers, the Massachusetts state-level human service departments have preferred to deal with just a few brokers to provide client transportation services. To these agencies, the existence of so many different transit authorities in Massachusetts appears inefficient. In fact, the state human service agencies started relying on just a few of the RTAs to provide brokerage services on a statewide basis. This

approach cuts the percentage of costs required for administration for the brokerages, but also limits the ability of the broker to move some trips to fixed route transit.

Recent developments in Massachusetts include the establishment of a new RTA in July of 2007: the MetroWest RTA in the Framingham-Marlborough area. This new RTA brought the total back to 15, after the Greenfield-Montague Transportation Area had been subsumed by the Franklin Regional Transit Authority in March 2006. Most of this new RTA had formerly been part of the MBTA district. In early October, the Boston Herald reported that the Governor was studying a major consolidation of transportation agencies in the commonwealth, a plan that could potentially affect the RTAs.

Massachusetts has a land area of 7,838 square miles, only slightly larger than New Jersey and still smaller than Vermont.

## **Connecticut**

Transit in Connecticut is a mix of state run operations, municipal and regional transit authorities, and regional human service agency brokerage services.

The Connecticut DOT directly operates transit service through a private management firm in six regions of the state including Hartford, Stamford, New Haven, Waterbury, New Britain/Bristol, and Meriden/Wallingford. It oversees Metro North commuter rail service into New York City. In addition, it provides funding for 11 other transit operators.

Although the original Connecticut Transit Authority legislation provided for taxing authority, this provision has never been used. Some of the local authorities do get funding from their local communities, however, in Connecticut, most all of the transit funding comes from the DOT. The state of Connecticut provides considerable technical assistance to the transit agencies in the state, helping the agencies make use of federal funding programs, helping with joint procurement and so forth. The Connecticut DOT has funded several consultant studies to evaluate performance, assist with improving efficiency, and to make recommendations on management, governance and funding.

The transit operators in the state have been interested in providing brokerage services for human service transportation, and this option has been studied and tested in pilot programs. However, the non-emergency Medicaid transportation services are provided through private for-profit brokerages, separate from the public transportation operations. The corporations have been successful in preventing consolidation of services with public transit.

There is some movement in Connecticut towards consolidating some of the smaller transit operations, particularly in Southwest Connecticut. Because there is a particularly capable operator in Norwalk CT, Connecticut DOT has had Norwalk take over several operations. The Norwalk Transit District operates the service in Westport and Greenwich, for example. It provides ADA service in these communities and in Stamford. Norwalk, Greater Bridgeport and

Milford have all cooperated to jointly operate a jobs access route known as the Coastal Link.

The land area in Connecticut is 4885 square miles or slightly greater than half the size of Vermont. In Connecticut, the state is the direct provider of transit services in the larger metropolitan areas and it acts as the funding source for smaller transit authorities around the state. Although the legal structure is different, the actual provision of transit services in Connecticut is similar to that in Maryland and New Jersey.

## **Florida**

Although Florida is a much larger state in land area and population than the previous states, its organization of public transportation can still provide some lessons for Vermont. Public transportation in Florida is provided through nineteen urban transportation operators as well as a network of 14 regional brokers of specialized transportation called Community Transportation Coordinators (CTCs). The CTCs provide specialized transportation services directly or through contracting with private operators. The CTCs also act as fixed route transit providers in several counties outside urbanized areas.

The system of CTCs was created through legislation passed in 1989, which created a Transportation Disadvantaged (TD) Trust Fund. The legislation also established a Commission for the Transportation Disadvantaged at the state level that oversees the distribution of the TD Trust Fund to the CTCs. The TD Trust fund makes up around 7 percent of the CTC funding statewide. The remainder of the funding includes FTA funding, funding for non-emergency medical care, funding for jobs access, and separate funding from local services.

Florida legislation mandates that state agencies use a coordinated transportation service for their clients. The CTCs contract to provide non-emergency medical transportation services among other client transportation services. Around 27 percent of the CTC funding statewide comes from Medicaid.

Despite being cited as one of the primary examples of a model coordinated state transportation system, the Florida CTC program has difficulties. At one point, the Florida Medicaid program considered going with a single statewide broker for Medicaid services, but later decided to continue to use the CTCs. In December of 2005, Logisticare, a company based in Atlanta announced it was taking on the brokerage responsibilities for four large HMOs in Florida. For HMOs, it may be that a single broker is easier to deal with than the 14 CTCs.

Florida has a land area of 53,997 square miles, or roughly six times the size of Vermont.

Further analysis of other state programs and service models will occur prior to attempting to draw comparisons and conclusions for Vermont's purposes here.

**Final Note:**

This is an interim report. Considerably more data and information and a collaborative effort with public transit providers, AHS, human service agencies, and a range of transportation partners will be required prior to report completion and presentation of recommendations.